

**South Australian  
Agrifood and Wine Industry Workforce Action Plan Report**

**May 2010**

## **1. Executive Summary**

The Agrifood and Wine Industry Workforce Action Plan (Agrifood and Wine IWAP) was developed by industry in partnership with government, and provides a framework for a coordinated and comprehensive suite of strategies to meet the workforce challenges.

The Plan was developed under the guidance of an Agrifood and Wine Reference Group (the Reference Group) led by Dr Don Plowman, with representatives from across industry and government.

The research underpinning the Plan suggests that South Australia's agriculture, food and wine workforces will have to adapt to the challenges from climate change, exchange rates, regulation, bio-security, and international markets. In addition to this, demand for approximately 134,000 additional workers is expected to occur over the next five years, placing pressure on the industries to develop strategies that attract and retain appropriately skilled workers.

The Reference Group developed a number of strategies and actions to address the challenges facing the industries in their future growth. These strategies are:

- Promote and support the application of workforce planning and development best practices across all sectors of the agrifood and wine industries in South Australia
- Improve access to a range of education and skills development opportunities, and promote the benefits across industry
- Strengthen strategic alliances between industry and government to optimise the use of resources that deliver workforce development solutions
- Strengthen the links between research and businesses to foster clear communication to better focus research endeavours and successful adoption and diffusion of research findings
- Continue to develop and implement a range of innovative attraction and retention strategies and workforce practices
- Determine current and projected industry workforce requirements for specific skills and seasonal labour and develop a range of responses to meet these requirements
- In collaboration with stakeholders, develop and implement tailored regional initiatives to attract and retain people to the workforce

## **2. Project Background**

The Agrifood and Wine Reference Group was established to oversee the development of the Agrifood and Wine Industry Workforce Action Plan. Dr Don Plowman, Executive Director, Primary Industries and Resources SA (PIRSA) led the process with support from the Department of Trade and Economic Development (DTED), Office of Small Business and Regional Development, Food, Tourism and Hospitality Industry Skills Advisory Council (FTH), Primary Industries Skills Council (PISC), SA Wine Council, SA Food Council and the Department of Further Education, Employment, Science and Technology (DFEEST).

The two industry skills boards, FTH and PISC, played a key role in working with government, industry, regions and the education and training sector to identify practical actions and solutions to ensure the development of workforce skills for South Australians.

Recognising the potentially vast scope of the agrifood and wine industries and challenges, the Reference Group invested considerable time and effort determining industry coverage. It was also agreed that the Reference Group would achieve the following:

- Better identification and coordination of existing and future projects/programs that could benefit from a collaborative approach
- Develop a workforce profile that could be updated regularly with comparable methodology
- Develop a shared understanding about the workforce profile and future of the agrifood and wine industry sectors through engagement with government and industry
- A stocktake of current/recent projects/programs with a workforce development focus
- Develop a range of workforce development strategies to be implemented to meet the demand for appropriately skilled labour; and
- Better integration of industry development and workforce development by government and industry to underpin all of above objectives.

A number of products underpin the Agrifood and Wine IWAP:

- An “environmental scan” detailing a range of literature and reports, along with identification and review of current and previous projects in DFEEST, PIRSA and DTED.
- An agrifood and wine workforce profile based on data from 2006 ABS population census, Monash Employment Growth Forecasts and National Centre for Vocational Education Research (NCVER) and Australian Bureau of Agricultural and Resource Economics (ABARE) reports. This profile identifies levels of workforce supply and analysis of outputs from education and training systems, which formed the basis for initial consultations with industry, regions, and tertiary institutions.
- An agrifood and wine industry workforce Discussion Paper provided the industry with an opportunity to reflect on the state of the industry and actions that could assist growth and workforce development.
- The web-based application *EasyData* that provides user-friendly, up-to-date data on over sixty social, environmental and economic indicators, allowing comparisons at Local Government and regional levels, or with the whole of State<sup>1</sup>.

### **3. Current industry and workforce composition**

#### **3.1. Current policies and programs**

A scan of current national, state and regional policies and programs was undertaken and updated throughout the project. This scan has reviewed relevant literature and project reports across government and industry. Key findings from this research have provided underpinning directions for this process<sup>2</sup>.

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<sup>1</sup> [www.southaustraliabiz/EasyData](http://www.southaustraliabiz/EasyData)

<sup>2</sup> [www.workforceinfoservice.sa.gov.au/industryplanning](http://www.workforceinfoservice.sa.gov.au/industryplanning)

### **3.2. Industry Context**

South Australia takes a lead role in growing wine grapes, manufacturing and blending wine, wine testing and wine bottling in Australia. The state also has an international reputation for quality agricultural and food products, including seafood, meat, horticulture and dairy. The food sector is one of South Australia's largest industries, with growing exports to China, India, the United States and South-East Asia.

The importance of the agrifood and wine industries cannot be underestimated as the world faces a major food crisis. In five of the last six years, the global population ate significantly more grains than farmers produced, pushing global grain stocks to their lowest level in 30 years. An increasing population, water shortages, climate change, and the growing costs of fossil fuel-based fertilisers point to a shortfall in the world's grain supplies in the near future.

Australia's agricultural sector exports around two-thirds of its produce. As one of the world's most efficient agricultural producers, Australia is well-positioned to meet the challenges of today's highly competitive global marketplace. However, this will not be without making some significant changes in the industries given the rapidly changing nature of farming.

Traditionally, rural production consisted of farmers running family owned and operated businesses. While there has been little change in the quantity of land dedicated to agricultural production, there has been significant movement in the number of farmers managing these enterprises. There has been a shift to corporatisation with the scale of farming being driven by farm consolidation as well as investors and corporations buying up family farms, resulting in different economies of scale and use of infrastructure and plant and human capital. The increasing mechanisation and subsequent intensification of farming systems are also driving changes in the workforce composition. Corporate interests are evident across the state with large scale overseas investors and various managed investment scheme projects in the horticulture, wine, dairy, agriculture and aquaculture sectors.

These changes in operations, together with the evolving global environment and climate change pressures, potentially require the application of research and development outcomes that are led by sustainable practices in business management, leadership, supply chain management and workforce development.

Throughout these changes, South Australia's agrifood and wine industries have been under significant pressures from factors including reduced commodity prices, reduced demand following the global financial crisis, ongoing drought conditions across parts of the State, continued low water allocations along the River Murray, and fluctuating foreign exchange rates.

Despite these adverse seasonal and market conditions, the Gross Food & Wine revenue has remained stable at \$14.5 billion in 2008-09, due to an increase in Gross Food Revenue of \$1.03 billion (or 9% on the previous year).

Overseas exports have also seen mixed results, with food exports increasing \$359 million (or 18%) and wine exports declining \$279 million (or 15%). Wine exports however still remain the largest contributor to agrifood and wine exports at \$1.58 billion, with all other agrifood exports contributing \$2.4 billion.

Whole of chain agrifood and wine employment also grew by 7,200 (up 5%) to reach a record level of 146,000 (or 18%) of total SA employment<sup>3</sup>.

DFEEST has developed a series of Regional Profiles that provide data and information, including demographic, labour market, and education and training characteristics, of 17 regions across South Australia<sup>4</sup>.

### **3.3. South Australia's Agrifood and Wine Workforces**

The agrifood and wine industry Workforce Profile<sup>5</sup> has been developed to provide background information on the workforces, and defines the agrifood industry as all those industries involved in the growing and processing of food products, and the various supports to those industries<sup>6</sup>. This can be categorised according to major activities: Agriculture, fishing and aquaculture and food and beverage processing.

The agrifood and wine industries (as defined for the Agrifood and Wine IWAP profile) employed a total of just under 50,000 people<sup>7</sup> in 2006, accounting for almost 8 per cent of all employment in South Australia. The production of foodstuffs engages around 30,000 people or 60 per cent of the workforce in 2006, whilst food processing and manufacturing accounts for around 37 per cent of total employment in the industries, or just over 18,000 people. Since 2001, there has been a notable shift in workforce from agricultural production to food processing and manufacturing.

The agrifood and wine industries provide high levels of employment across regional South Australia, with employment generated by the wine industry, citrus growing and the production of vegetables, stone fruits, nuts and grain cereals providing the majority of employment. For example, in the upper part of the South East, the industries directly provide more than 40 per cent of all employment whilst the Mid North, Riverland and Murray Mallee regions all rely on the industries for up to one-third of all employment. The regional location of this workforce provides particular problems for attracting, developing and retaining an appropriate workforce with the specific skills needed to meet industry sector requirements. In addition to this, some sectors of the labour force are characterised by casual and/or part-time positions, and generally without opportunities for training or skills development.

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<sup>3</sup> 2008/09 SA Food and Wine Scorecard Reports.

<sup>4</sup> [www.workforceinfoservice.sa.gov.au/regionalprofiles](http://www.workforceinfoservice.sa.gov.au/regionalprofiles)

<sup>5</sup> [www.workforceinfoservice.sa.gov.au/industryplanning](http://www.workforceinfoservice.sa.gov.au/industryplanning)

<sup>6</sup> This differs to that used in the State Food Plan where it is defined as "any business concerned with producing (including pre-farm gate), processing, preparing, preserving, marketing, distributing and serving of foods and beverages." South Australian Food Plan: 2007-2010, p. 26.

<sup>7</sup> An estimated 90,000 additional people are employed in the retail and food service sectors of the food industry. These people do not all fit within the breadth of this Action Plan.

The agrifood and wine industries are becoming increasingly sophisticated and now require a highly skilled and educated workforce. In addition to traditional farming skills, producers must now have knowledge across a wide range of disciplines that equates to a broadening of skills with managerial capability becoming a major determinant of farm performance. Rapid changes are sweeping across the industry, with farmers being required to move from production specialists to agribusiness management. New approaches to training, skills and workforce development will be required. Skills in water management, information technology, natural resource management, financial management, marketing, risk management and in the use of increasingly sophisticated machinery are all increasingly important<sup>8</sup>. This highlights the need to develop and maintain a skilled workforce, which will also assist to support regional communities.

Workforces are predominately male, with approximately 31 per cent of the total workforce being female compared to almost 48 per cent in all other industries across SA. Generally, females are more likely to be working in the food processing sectors, where, for example, around 51 per cent of those employed in Seafood Processing are female.

The industries also have an older profile than other industries in the state, with higher proportions of people 55 years or older. This weighting is common in many agricultural industries, particularly in Horticulture & Fruit Growing and Grain, Sheep & Beef Cattle Farming, where around 35 per cent of the workforce is aged 55 years or older.

There are much lower proportions of employees with formal qualifications than for other industries with only around 8 per cent of the agrifood and wine industry workforces obtaining degrees or higher qualifications, compared to around 19 per cent across other industries. The percentage of people without post-school qualifications was much higher in agrifood and wine than in other industries. The levels of qualifications at the Certificate level were more in line with other industries.

The numbers of apprentices and trainees commencing their training in agrifood and wine industry sectors has fluctuated over the last three years. The majority of apprentices and trainees in agrifood and wine are employed in Food Processing, particularly in Meat & Meat Product Manufacturing, which accounts for more than half of all commencing apprentices and trainees, with approximately 1,000 apprentices and trainees commencing in 2006. Of those apprentices and trainees, about half are Meatworks Labourers, and just over 20 per cent are Meat Processing Apprentices (Slaughtering/boning).

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<sup>8</sup> Agri-food Industry Skills Council. 2008. Environmental scan of the Agri-food industries. p. 6.

### Government and Industry Consultation

A range of consultation processes have been undertaken and linked to the outputs of the agrifood and wine industry workforce action planning process.

#### Government consultation

Consultations with internal stakeholders include the following agencies:

- Department of Trade and Economic Development
  - Economic Development Board
- Department of Primary Industries and Resources, South Australia (PIRSA)
  - PIRSA Industry development boards
- Department of Further Education, Employment, Science and Technology
- Training and Skills Commission
- Local Governments

The following Australian Government Agencies were also consulted:

- Department of Agriculture, Fisheries and Forestry
- Department of Education, Employment and Workplace Relations
- Area Regional Consultative Committees (Sturt, Flinders Region, South Central, Limestone Coast)

Various stakeholders and targeted industry groups have also been kept informed through a range of media, including:

- Rural and industry websites, Ezigrain, Get Farming
- Industry/regional/community newsletters
- E-newsletters, i.e. Landcare, EnviroNews
- Education and training sector media, i.e. DFEEST newsletter, University newsletters, TAFE SA newsletters, DECS newsletters
- Industry association newsletters, Citrus Board, Citrus Growers SA, Agricultural Bureau of SA, Grape & Wine E-news, Livestock E-news
- State and Federal government newsletters, drought e-news

#### Food and Wine Issues Group

Regular presentations and updates about the Agrifood and Wine IWAP were made to the Food and Wine Issues Group, which coordinates government action on matters referred from the Food and Wine Council or its Working Committees.

### Industry Consultation

#### Wine Industry Employment Strategy

The South Australian Wine Industry Employment Strategy (2007) provided a template for the Agrifood and Wine Industry Workforce Action Plan process. The project established an

accurate snapshot of the industry through review of existing data, development of industry and workforce profile, and creation of environmental scan.

### **Professor Andrew Fearne – Thinker in Residence**

Professor Andrew Fearne, Director of the Centre for Supply Chain Research at Kent Business School, University of Kent, visited South Australia as Thinker in Residence in 2008. Professor Fearne promulgated value-chain development and encouraged sustainable consumption across the population through the development of stronger linkages between health, environment, agriculture, education, retail and consumers. His holistic “supply chain approach” identified the food system as “a stage on which some of the major societal challenges of our time (water availability, skills shortage, economic instability, oil dependency, public health agendas, sustainability issues, planning/urban development, and food security) are being played out”<sup>9</sup>.

### **The Premier’s Food Council Forum**

The Premier’s Food Council (PFC) Forum provided strategic input to the SA Food Plan, and by encouraging participation in food industry development and contributing to the development of government policy, impacts on the food industry. A range of prominent industry leaders from various sectors were invited to participate in a workforce forum in 2008. Participants included the Food Council, Wine Industry Council, various industry boards and regional food groups. Julie Sloan (one of Australia's leading workforce planning practitioners) also provided insight into the strategies required to ensure an active workforce.

### **Primary Industries Skills Council Focus Groups**

The Primary Industries Skills Council held a “Tasting Regional Employment” session during October and November 2008 to encourage urban workers to consider regional employment as alternative employment and lifestyle opportunities. A range of sessions were also developed to inform farmers and rural industry groups on various strategies including:

- Workforce Development Action Plans
- Drought Assistance Programs
- Farm Ready (replacement for FarmBis)
- Climate Change Adjustment Program
- SA works and other Regional Programs
- Rural Apprenticeships and Traineeships
- Youth Action

### **Food, Tourism and Hospitality Industry Skills Advisory Council Reference Groups**

Food, Tourism and Hospitality Skills Council continues to progress the establishment of a range of Industry Workforce Planning groups for specific industry sectors, including wine, meat processing, baking and cheese making. This work builds on several projects funded through the Workforce Development Fund (DFEEST).

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<sup>9</sup> Professor Fearne’s final report is available at: <http://www.thinkers.sa.gov.au/afearne.html#topic>